

Message Text

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ACTION OES-06

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CAPE TOWN FOR EMBASSY

E.O. 11652: N/A
TAGS: EMIN, ENRG, SF
SUBJECT: UNION CARBIDE AND URANIUM IN SOUTH AFRICA.

REF: A) JOHANNESBURG 1728, OCTOBER 6, 1976; B) JOHANNESBURG A-10

1. UNION CARBIDE REGIONAL DIRECTOR, DAVID DYER,
CALLED ON RRO SWEETWOOD FEBRUARY 23 TO INTRODUCE
HIS FIRMS MINERALS EXPLORATION AND DEVELOPMENT CHIEFS
BASISL T. HONE (PRESIDENT, UNION CARBIDE EXPLORATION
CORPORATION, NEW YORK) AND PETER D. DANCHIN
(EXPLORATION MANAGER, UNION CARBIDE EXPLORATION
CORPORATION SOUTHERN AFRICA), AND TO PRESENT OVERVIEW
OF RECENT ACTIVITIES IN THESE DISCIPLINES -- WITH EMPHASIS
ON URANIUM EXPLORATION IN SOUTH AFRICA.

2. AT THE OUTSET, DYER STRESSED IMPORTANCE TO UNION
CARBIDE (UCAR) OF ACCELERATED EXPLORATION PROGRAMS
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IN TUNGSTEN, MANGANESE AND URANIUM (AND TO A LESSER
EXTENT, ZINC) TO FURTHER STRENGTHEN CAPABILITIES TOWARD
CAPTIVE SOURCES OF SUPPLY FOR THE FUTURE. HE AND HONE
NOTED THAT WHILE SOUTH AFRICA HAS BEEN AND REMAINS,
OF EXCEPTIONAL INTEREST IN EACH OF THESE COMMODITIES,
THE COMPANY'S PRINCIPAL FOCUS AT THE MOMENT IS ON KNOWN
URANIUM OCCURRENCES IN THE BEARUFORT WEST/SUTHERLAND

AREA OF SOUTH AFRICA'S CAPE PROVINCE. UCAR CURRENTLY HOLDS PROSPECTING PERMITS WEST OF BEAUFORT WEST AND HAS BEEN WATCHING WITH INTEREST THE PROGRESS OF OTHERS IN THE SAME AREA (ESSO, US STEEL, NEWMONT AND JOHANNESBURG CONSOLIDATED INVESTMENT CORPORATION). THEY ARE AWARE OF EARLIER NEGOTIATIONS BETWEEN OCCIDENTAL OIL AND JOHANNESBURG CONSOLIDATED ("JOHNNIES") (AND OXY'S TERMINATION OF ACTIVITIES IN SOUTH AFRICA LAST OCTOBER 2-CBET# AND INQUIRED AS TO THE CURRENT "STATE OF PLAY" IN THIS REGARD.

3. SPECIFIC QUESTIONS CENTERED ON WHETHER JOHNNIES WOULD ENTERTAIN AN INQUIRY FROM UCAR AS A POSSIBLE PARTNER IN THE FORMER'S SUTHERLAND-AREA LEASEHOLDINGS. WE COULD NOT SPEAK FOR JOHNNIES, OF COURSE, AND WERE NOT THEN ACQUAINTED WITH PRECISE DEVELOPMENTS SUBSEQUENT TO OXY'S PULL-OUT. WE WERE ABLE, HOWEVER, TO DESCRIBE THE GEOLOGY OF JOHNNIES LEASEHOLDINGS (FROM PERSONAL FIELD EXAMINATIONS), THE DEGREE OF EXPLORATION ACCOMPLISHED THROUGH DECEMBER 1976 AND GENERAL IMPRESSIONS AS TO POSSIBLE ECONOMIC VIABILITY. WE AGREED, ALSO, TO CONTACT DOUGLAS L. ROBERTS, LAND DEPARTMENT, JOHNNIES, TO SEEK INFORMATIN ON RECENT PROGRESS VIS-A-VIS NEGOTIATIONS WITH THER COMPANIES, IF ANY, AND TO DISCREETLY EXPLORE RECEPTIVENESS JOHANNIES MAY DISPLAY TOWARD A POSSIBLE JOHNNIES/UCAR DISCUSSION ON THIS TOPIC.

4. ROBERTS REITERATED THAT HE REMAINED GENUINELY DISAPPOINTED OVER OCCIDENTAL'S ABRUPT TERMINATION OF LIMITED OFFICIAL USE

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MINERALS EXPLORATIONIN SOUTH AFRICA ("FOR POLITICAL REASONS" -- REF A), AND REMAINED OF THE HOPE THAT AT LEAST ONE OTHER AMERICAN FIRM MAY YET JOIN THE URANIUM-PRODUCING CONSORTIUM ENVISAGED BY JOHNNIES. HE SAID THAT HE IS CURRENTLY NEGOTIATING WITH TOTAL OIL AND A WEST GERMAN COMPANY (NAME NOT KNOWN), AND REGRETTEED THAT NEITHER OF TWO POSSIBLE PARTNERS CONSIDERED EARLIER, NEW JERSEY ZINC AND PHELPS-DODGE, APPEARED TO BE IN A FINANCIAL POSITION TO PARTICIPATE AT THE PRESENT TIME. (NOTE: BOTH ARE COMMITTED TO OTHER MAJOR PROJECTS IN SOUTH AFRICA: NEW JERSEY ZINC IN ILMENITE AT RICHARDS BAY, NATAL, AND PHELPS-DODGE IN ZINC AT AGGENEY'S, CAPE PROVINCE -- REF B). CLEARLY, PRELIMINARY DISCUSSIONS WITH UCAR ON URANIUM WOULD BE WELCOMED BY JOHNNIES.

5. WE ANTICIPATE AN EARLY MEETING BETWEEN APPROPRIATE REPRESENTATIVES OF JOHANNIES AND UCAR, AND WILL REPORT FURTHER DEVELOPMENTS AS THEY BECOME KNOWN TO THIS CONSULATE. JOHNSON

NOTE BY OC/T: #AS RECEIVED.

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